

# Oras Invest Sustainability Policy

May 20, 2021

oras invest

**Sustainability policy describes the framework under which Oras Invest monitors and actively encourages sustainable development in its companies and its own operations.**

## Introduction

Sustainable value creation has always been at the core of Oras Invest and its companies' operations. Oras Invest sees that only sustainable companies can create value and be successful in the long term. Sustainability needs to be an integral part of the company's strategy and operations in order to create value. The integration of sustainability can create new business opportunities and leads to improved financial performance, impacting ultimately on shareholder value.

## Purpose and scope

The purpose of this policy is to define Oras Invest's sustainability approach and framework. It describes the key sustainability themes for Oras Invest, roles, responsibilities, processes and reporting practices. It also includes the main sustainability guidelines that Oras Invest communicates to its companies.

The policy applies to Oras Invest Ltd (the parent company of the Oras Invest Group, "Company" or "Oras Invest"). The Group consists of several independent subgroups and separate companies. Decisions regarding their operations are taken by each company's own decision-making bodies. Oras Invest exercises its ownership by acting in the boards of directors and nomination boards of its subsidiaries and associated companies and is committed to promoting sustainable practices through its impact potential.

## Governance

This policy is approved by the Oras Invest Board of Directors

# Oras Invest sustainability approach

The objective of Oras Invest's sustainability work is to secure value creation in Oras Invest companies over the long term. This is done by ensuring that Oras Invest companies utilise the opportunities available for them through active sustainability work and cover the related risks.

The most important and material sustainability topics for Oras Invest have been identified. In 2019, the owners of Oras Invest identified the Sustainable Development Goals (SDGs) where they see that Oras Invest companies can have the greatest impact and where their opportunities and risks are. The topics were also discussed with Oras Invest companies and compared with the topics chosen by them. As a result of the analysis, Oras Invest has selected four SDGs to focus on: Water (6), Decent Work and Economic Growth (8), Responsible Consumption and Production (12), and Climate Action (13). The following key sustainability themes arose from the SDG analysis:

## **Environment**

- Mitigating and adapting to climate change
- Sustainability of innovations
- Resource efficiency (e.g., emissions, energy, raw materials, waste, and water)

## **Social**

- People (health & safety, diversity & inclusion, equal compensation, and discrimination)
- Human rights

## **Governance**

- Supply chain
- Business ethics
- Maturity of sustainability management system

Oras Invest sustainability work focuses on measuring its companies' performance under these themes.

# Sustainability guidelines for Oras Invest companies

We expect our companies to:

- Comply with laws and regulations and follow good corporate governance practices and high ethical standards
- Have zero tolerance for human rights abuse and discrimination. Actively promote diversity and inclusion and ensure health & safety of personnel
- Continuously reduce environmental footprint and set science-based targets, when reasonable, considering company-specific factors. Constantly analyse the risks and opportunities related to climate change, including its financial impacts
- Have clearly allocated responsibilities of sustainability management, key focus areas defined, targets set and relevant processes and policies in place
- Report adequately and transparently on sustainability reflecting regulations and global standards. Companies are expected to prepare a sustainability report audited by external auditors and based on an internationally recognised framework or standard when reasonable, considering company-specific factors
- Integrate sustainability into management incentive plans

## New investments

Sustainability is incorporated into investment analysis and the decision-making process when deciding on new investments. Sustainability analysis is always included in the due diligence process.

Oras Invest's approach is not to exclude all companies that are not currently seen as sustainable businesses. We will also consider the transformation potential of the businesses.

We will not invest in companies in the coal, peat, tobacco, gambling, arms or adult entertainment industries. Neither will we invest in companies that cause serious damage to any aspects of sustainability and where there is no opportunity to transform the company into a more sustainable business.

## Impacting

Oras Invest's most important channel for contributing to sustainability is its role as a significant owner. Oras Invest is an active owner and influences through its board positions and through ongoing dialogue with the management teams and other significant owners. Oras Invest challenges its portfolio companies in a positive manner to seek solutions that have a positive impact on both sustainability and shareholder value. Oras Invest also takes a systematic approach to reviewing the sustainability performance of its holdings and bringing attention to those areas where significant risks and opportunities are identified. Discussions are held in a constructive manner where the objective is to create value in the long term.

In addition, Oras Invest takes account of sustainability in its own operations. As a small organisation the environmental impact of Oras Invest's own operations is limited, but Oras Invest wants to serve as an example, e.g., by ensuring carbon neutrality in its own operations. The focus of Oras Invest's own sustainability work is on good corporate governance and people.

## Monitoring and measurement

Sustainability is an integral part of all actions and communication with and towards Oras Invest companies. In addition, an annual sustainability analysis is conducted on Oras Invest companies by the Oras Invest team. The analysis focuses on topics that have been defined to be the most relevant and material, i.e., the most essential opportunities and risks, for companies' sustainable value creation. The analysis consists of sustainability KPI assessment and annual review with companies' sustainability teams. The results are compared to the set targets, the company's own historical development, other Oras Invest companies and industry peers.

Annual summaries on each company's performance are prepared by the Oras Invest team. The summary includes the company's KPIs, major sustainability-related developments during the last year and plans going forward. Also, the key risks and opportunities are reviewed annually.

Ol's information sources amongst others include company reporting, meetings with the company's management, peer company reporting, sector analyses and third-party reporting (e.g., CDP).

## Roles and responsibilities

The Oras Invest team is in charge of completing the annual sustainability analysis and including sustainability factors in the investment analysis of new investments. The team is also responsible for continuous monitoring of companies' sustainability performance as well as monitoring the development of sustainability topics and regulations.

Sustainability topics are discussed annually in Oras Invest's Board of Directors meeting.

## Reporting and evaluation

Oras Invest publishes select results from its annual sustainability analysis in the company's Annual Review. Oras Invest actively promotes its companies to continuously develop their sustainability approach. It also constantly evaluates its own sustainability process and invests in developing it further.